

1916

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**What
Brewster
and
Macdonald
PROVED**



At the last session of the Legislature the facts set forth in this pamphlet were ascertained as a result of Questions asked by

Mr. H. C. Brewster

and

Mr. M. A. Macdonald

Every one of these facts is of **vital importance** to the **Taxpayers** of this Province and each **Article** in this pamphlet is worthy of careful study.

The result of these **enforced disclosures** is proof of the absolute necessity for a change of Government.

Article I

P. G. E. Capital Stock

1. It was proved that the whole of the Capital Stock of the Pacific Great Eastern Railway Company (250,000 shares of the par value of \$100 each, making a total par value of \$25,000,000) had been transferred to the Promoters of the Company, without cash payment therefor, and contrary to the Statutes under which the Bonds of the P. G. E. were guaranteed by the Government.

On April 3rd, 1916, in answer to questions by M. A. Macdonald, Hon. Thos. Taylor, Minister of Railways, stated in the House that none of the Capital Stock of the P. G. E. had been sold, and none had been hypothecated.

(Votes and Proceedings, April 3rd.)

On April 10th, 1916, Hon. W. J. Bowser, answering questions by M. A. Macdonald, stated in the Legislature that the shares of Capital Stock of the P. G. E. are held as follows: Firm of Foley, Welch & Stewart, 186,750; Timothy Foley, 240; J. W. Stewart, 240; P. Welch, 240; F. Wilson, 20; E. F. White, 20 shares. (V. & P. April 10th, 1916.)

These shares, being "held" by the Promoters must have been "issued" to the Promoters, but there is no cash, or other consideration shown as having been received by the Government. This security, which was to have been held by the Government to provide money for the equipment and purchase of rolling stock for the Railway, has passed out of control of the Government, without equivalent or even partial value.

Article II

Illegal Payment of Guarantee

On May 7th, 1916, a Return was made by the Minister of Railways on Order of the House, showing that \$18,035,198 (being the entire proceeds from the sale of Bonds guaranteed by the Government, such guaranteed Bonds being in the sum of \$20,160,000) had been paid over to the Pacific Great Eastern Railway Company, the same Return showing that only 62½ per cent of the work of construction had been done, the entire amount expended by the Company on construction work being \$18,802,805. Thus, all but \$767,707 of the entire amount expended on construction was paid out by the Government.

The Statute authorizing the guarantee of the P. G. E. Bonds stipulates that the proceeds of the sale of Bonds should be paid out only in proportion to the amount of work completed. Thus 37½ per cent of the work was uncompleted, showing an over-payment of \$6,768,698, in clear violation of the Statute. H. C. Brewster moved in the House "That the facts above set forth be laid before His Majesty's Attorney-General with a direction that every person concerned in the offences aforesaid be forthwith prosecuted according to Law"

This motion was negatived by a vote of 30 against to 4, only Messieurs Brewster, Williams, Place and M. A. Macdonald voting FOR. (Votes and Proceedings, May 15th, 1916.)

Article III

Contract Let without Tender

Replying to questions asked in the House by M. A. Macdonald, the Premier stated that the work of construction on the P. G. E. Railway had been done under contract, that no public tenders had been invited and that the name of the contractor was "P Welch, Individually".

(Votes and Proceedings, March 24th.)

Returns brought down in the House on April 3rd and 10th respectively show contract prices for similar work, such as clearing, grading, tracklaying, etc., on the Pacific Great Eastern and the Canadian Northern Pacific Railways. Contract prices were from 35 per cent to 60 per cent higher in nearly every classification on the Pacific Great Eastern than on the C. N. R. Instance, track-laying on C.N.R. cost \$400 per mile to \$500 per mile. On the P. G. E. the uniform contract price was \$750 per mile. (V. & P. dates above)

Article IV

Illegal Sale of Timber Land

It was proved that a Block of land was sold in the Renfrew Registration District as second class agricultural land at the price of \$5 per acre when it really was first class timber land. For the 3,500 acres the Government received less than \$18,000

Much of the area cruised as high as 60,000 feet of timber per acre. The tract was assessed at \$421,800 while the Timber Company which acquired the lands, listed them in a prospectus as an asset at the valuation of \$600,000. All these, and many similar facts were brought out in the investigations of the Public Accounts Committee. How many similar transactions there were the Government was unable to tell.

Article V

Costly Patronage

It was proved, in connection with the building of the new wing of the Parliament Buildings - at a cost greater than the cost of the entire original buildings - that contracts had been let to bidders who were not the lowest tenderers. In the case of one contractor (McDonald), the tender was reduced \$20,000 at the suggestion of the Department of Public Works and still was far from being the lowest tender.

McDonald testified before the Public Accounts Committee that he had been compelled to let sub-contracts to the persons selected by the Government "Patronage Committee" and, though he stated he protested, in writing, against this procedure, he refused to produce the letters of protest, pleading them "libellous", and was sustained in his refusal by the Government majority on the Committee. Letters from the Public Works Department notifying McDonald that his tender was accepted (because it was lowest) were known by him to be false and so admitted.

Article VI

Illegal Disbursement

It was proved, in pursuance of a Motion in the Legislature by M. A. Macdonald on March 20th.

That the sum of \$300,000 had been paid out on account of the (alleged) purchase of the Kitsilano Indian Reserve and that \$80,000 of this sum had been divided between H. O. Alexander (a Stipendiary Magistrate and Official Guardian already in the employ of the Government (and Hamilton Read (who, up till a very short time before the transaction had been in the employ of Bowser, Reid & Wallbridge) as "commissions" for transacting the bargain with the Indians.

That the sum of \$300,000 never had been voted by the Legislature for the purpose specified and, that an entry of this sum in the Printed Public Accounts (under the Item Vote 192B) had been a "false" entry, so that purchase sum and the amount of the commission had been paid out of the Treasury without legal authority whatsoever.

Provide, the Provincial Government never has obtained Title to the lands thus illegally purchased, the Dominion Government refusing to surrender its rights in the lands

Article VII

Conservative Member Received Double Indemnity

It was proved that J. P. Shaw sat in the Legislature of 1914, as a member for Kamloops, during the full sessional period of Forty days and drew his full sessional allowance of \$1,600 for that year.

It was proved that "the same J. P. Shaw" received from the Provincial Treasury the sum \$20 per day for "services as a member of the Royal Commission to inquire into Indian affairs" and an additional \$10 per day, as "living allowance" while on the Indian Commission and, that he charged for 365 days of service on this commission for the year 1914, receiving on this account the sum of \$10,950, making a total cost of \$12,550.

It is illegal for any member of the Legislature to receive place or position of profit under the Government. Yet Mr. Shaw has not been compelled to return any of this money to the Treasury. (Votes and Proceedings March 27th, 1916)

Article VIII

Premier's Corporation Connections

It was proved that the legal firm of Bowser, Reid & Wallbridge of which firm Premier Bowser is head, had acted as solicitors for the Pacific Great Eastern Railway. It was proved that the firm of Bowser Reid & Wallbridge has acted as solicitors for the Northern Construction Company. It was proved that the firm of Bowser, Reid & Wallbridge has acted as "local" solicitors for P. Welch.

(Votes and Proceedings, May 8th, 1916.)

Article IX

Illegal Commission

It was proved that the Inspector of Legal Offices had received a commission of \$2000 on account of the purchase of a Court House site in the City of Victoria, while acting under the instructions of the Attorney General in the transaction.

This is a serious offence under the Statute, the excuse tendered by the offending Civil Servant being "Everybody was doing it."
(Reports Public Accounts Committee.)

Article X

Province Paid Railway's Interest.

It was proved that the sum of \$316,016.80, being the amount of defaulted interest paid by the Government on account of the guaranteed bonds of the Pacific Great Eastern Railway, was paid without "Special Warrant" authorization, the authority for the payment being stated as "Statutory, supplemented by Order-in-Council". This means simply that the Government, having guaranteed the bonds as to principal and interest, when interest was defaulted the Government passed an Order-in-Council ordering its payment.

The fact of this payment had been carefully suppressed by the Government and was brought out only by Questions in the Legislature by a member of the Opposition. Otherwise the Public would be no wiser today. (Votes & Proceedings, March 31st. 1916)

Article XI

Heinze Taxes Uncollected

It was proved that taxes assessed on the Heinze interests in the Columbia & Western Railway lands for the years 14-15-16, amounting to \$34,669 have not been collected and that the taxes assessed on Columbia & Western Railway lands (apart from Heinze interests) for the year 1912, amounting to \$43,094 have not been collected. (Votes & Proceedings, March 21st, 1916.)

Article XII

Bowser favors Mackenzie and Mann Interests.

It was proved that a Timber Corporation secured the registration of certain mortgages by special favor of the Attorney-General at a cost of only \$200 while the Statutory fee for such registration was some \$14,000

Before the Public Accounts Committee the Registrar of Companies testified that this had been done on the instruction of the Attorney-General. Also, he testified that he did not regard it within the power of the Attorney-General or Lieutenant Governor in Council to make an exception or reduce the Statutory Fees in a single case, i.e. without passing an Order changing the Schedule with reference to the entire class of securities registered under that head. (Reports Public Accounts Committee.)

